

The imbalances in international trade, and in particular trade between China and the United States, have prompted many to demand a realignment of the Chinese yuan and the American dollar. Since we are running a huge trade deficit with China the call now is for a stronger yuan and a weaker dollar. This trade imbalance problem will not be solved so easily.

I would urge my colleagues to consider the benefits we receive from our relationship with China, one of which is that American consumers benefit from lower-priced goods. Adopting the policy urged by supporters of this bill would cause consumer prices to increase, thus reducing consumers' wealth. Other producers would suffer as a result of the consumers decreased purchasing power. I doubt that many of our constituents want us to increase the prices they pay for goods and services.

Congress should also consider how the Chinese benefit the United States government by holding our debt. The dollars the Chinese acquire by selling us goods and services must be returned to the United States. Since the Chinese are not buying an equivalent amount of American goods and services, they are using the dollars to finance Congress' extravagant spending.

This deep and legitimate concern for the trade imbalance between China and the US will fall short if the issue of fluctuating, world-wide fiat currencies, is not addressed. The fact that the US dollar is the principal reserve currency of the world gives us a benefit that others do not enjoy. It allows us to export paper dollars and import goods manufactured in countries with cheap labor. It also allows us to finance the welfare/warfare state with cheap loans from China and Japan. It's a good deal for the government but according to economic law must come to an end, and the end will be messy for the US consumer and for world trade.

Our current account deficit and huge foreign indebtedness is a reflection of the world monetary system of fiat money. The longer the trade imbalances last, the more difficult the adjustment will be. The market will eventually force these adjustments on us.

Instead of having fluctuating currency exchange rates and the inevitable instability that accompanies them, we should be working to establish a commodity-backed currency whose value is determined by the market. This would provide an objective measurement of the value of economic goods and services and thus strengthen the economy by freeing it from the negative

effects of our unstable monetary policy.

Instead of promoting global economic government, the United States Congress should reform those policies that reduce our manufacturers' competitiveness. The taxes and regulations imposed on American businesses are damaging economic growth and killing jobs. If we were serious about creating jobs, we would be working on an aggressive agenda of cutting taxes and repealing needless regulations.

Congress can also improve America's competitive position by ending the practice of forcing American workers to subsidize their foreign competitors through organizations such as the Export-Import Bank and the International Monetary Fund.

In conclusion, Mr. Speaker, I remind my colleagues that stability in currencies is something we should seek, not something we should condemn. The bill before us today will not solve our problems. In fact, by refusing to address the economic stability created by fiat currency and instead embracing protectionism, it will further weaken the American economy.